

Implementation of Small and Medium Industry Performance Measurement Model in Ciamis District

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Abstract

The purpose of the study was to measure the performance of employees in the bamboo woven craft SMEs in Ciamis District by using a human resources scorecard model design. Research samples were 84 SMEs of bamboo woven crafts. the data used consists of primary and secondary data. This research was carried out using a combination of BSC, AHP, and OMAX methods with 32 indicators to measure the performance of employees of SMEs in Ciamis District. The results of the study show that the Human Resources Scorecard method is the right model to be applied in measuring the performance of SME employees. This model is quite simple so that it is easily applied by SMEs that manage their businesses traditionally and simply. The measurement of the performance of the employees of SMEs in bamboo woven crafts in Ciamis Regency by using the Human Resources Scorecard model of the results of the research design which includes financial, customer, internal business process, and learning and growth dimensions generally shows good categories as indicated by the measurement results of 76.30%.

Keywords: SMEs, Human Resources Scorecard

1. Introduction

Competition between companies now requires the company's ability to improve overall performance. Each company is required to improve overall performance in the face of competition and use resources effectively and efficiently so that the company's vision, mission and strategy can be achieved (Audina et al, 2017). Business development creates both opportunities and challenges (Muhsina et al, 2017).

Global competition causes companies to need a management system design and strategic planning to realize the company's vision and mission (Ariyanto et al, 2016). Each company must strive to always improve its business that ultimately aims to achieve maximum benefits. With the right strategy, a company will obtain the maximum results on investment that has been planted (Erlinda et al, 2016). Technological advances affect business competition so management must be quick to make decisions. One method of decision making is Analytic Hierarchy Process (AHP) (Setiyadi and Sestri, 2012).

Business activities in Indonesia are 90% supported by SMEs so that the national economy can grow positively even if only by 3-4% (Ratnamurni, 2011). SMEs are one of the businesses that can survive in the changing dynamics of the global economy (Muslim et al, 2017). The increasing number of SMEs has not been matched by the level of quality of human resources that causes low productivity of SMEs (Erwina et al, 2015).

SMEs only develop in terms of quantity, but in terms of quality have not developed which causes the competitiveness of SMEs is still very low. Therefore, a performance measurement model is needed so that SMEs can find out their position in the industrial world and can improve their performance (Findawati et al, 2014). The success of SMEs can be seen from the performance produced, but to date performance measurement is only from a financial perspective without involving a non-financial perspective (Erwina et al, 2015). Companies must pay attention to non-financial aspects, such as employee performance, customer satisfaction, and others (Dewi and Surya, 2015).

Attention to human resources as a factor of production is still lacking compared to attention to other production factors such as capital and technology (Astuti et al, 2015), whereas the quality of human resources is one of the factors needed to improve the productivity of an agency's performance (Widayati, 2013) Productivity is one of the important factors in influencing the process of progress and decline of a business (Lestari et al, 2009).

Increasing demands for quality human resources encourage efforts to improve performance measurement. These measurement results help the managerial to make efforts to improve the process and overall organizational performance (Queen et al, 2013). Human resource management can be done through employee performance appraisals that measure employee competency levels (Ilhami and Rimantho, 2017).

Employees are one of the resources used as a driving force in developing a company. Employee performance influences the company's profit (Nauli and Atmaja, 2018). Performance measurement is needed to provide a structured approach that focuses on strategic plans, objectives and performance will have the competitiveness to compete with others (Dania et al, 2012). Performance measurement is continuous monitoring of the achievement of a program (Audina et al, 2017).

Performance appraisal is done by comparing the performance of employees with predetermined work standards during a certain period (Friedyadie, 2018). Performance appraisal must be carried out in a fair, realistic, valid and relevant manner with the work being done, besides being free from discrimination (Palasara, 2017).

Small and medium enterprises (UKM) of bamboo woven crafts are one of the SMEs that produce various handicrafts made from bamboo. Products produced by SMEs have an attractive design and are able to compete with other products. However, employee performance measurement in SMEs is still done traditionally based only on observations of business owners without standardized indicators so that the results of the assessment have not been able to show the actual performance of the UKM employees.

2. Literature Review

Balanced Scorecard (BSC) is one method used to measure the performance of a company. By using the BSC method, companies can translate the company's vision and mission into a comprehensive set of measures that provide a framework for measurement and strategic management systems (Anza et al, 2015). The use of BSC can provide material to communicate the vision, mission and strategy, then inform all employees about what is the determinant of success in the present and the future (Yuniawati and Murwani, 2014).

The weights for each category are then processed using Analytical Hierarchy Process (AHP) to determine the level of the company's importance to the Key Performance Indicator (KPI) (Widiyawati et al, 2013). KPI is an indicator that presents a set of measures that focus on the organizational performance aspects that are most important for the organization's current and future success (Adianto et al, 2014). KPI are a company's strategy, as revealed by balanced scorecard (Musyoki, 2015).

AHP is a method of breaking complex problems in unstructured situations into component parts and forming a hierarchical arrangement, giving numerical values for subjective judgments of the relative importance of each section and synthesizing which parts have the highest priority that will affect the completion from the situation (Tominanto, 2012). AHP's main equipment is a functional hierarchy with input primarily human perception (Hariyanto and Satoto, 2016). The essence of the AHP that human judgments, and not just the underlying information, can be used in performing the evaluations (Ameri, 2013).

Objective Matrix (OMAX) is a method of assessing company performance. The concept of this assessment is to combine several working group performance criteria into a matrix. Each performance criterion has a target in the form of a specific path for improvement and has a weight in accordance with the level of importance to the goals of the organization (Lestari et al, 2009).

Ideally the modeling component of a decision support system must be able to support every decision-making activity that includes problem system analysis, future situation projection, alternative design, alternative comparison or selection, optimization and simulation through the application of relevant models (Cahyana, 2010).

3. Research methods

Research samples were 84 SMEs of bamboo woven crafts. the data used consists of primary and secondary data. This research was carried out using a combination of BSC, AHP, and OMAX methods. BSC is used to identify four perspectives in the management of SMEs, namely financial, customer, internal business processes, and learning and growth perspectives. AHP is used to weight each Key Performance Indicator (KPI), while OMAX is used as a scoring system to find out indicators of achievement of predetermined targets and can see indicators of total achievement of each performance criterion. There are 32 indicators to measure the performance of employees of SMEs in Ciamis District.

4. Results and Discussion

The results of the measurement of the performance of the SMEs of bamboo woven crafts in Ciamis District by using the Human Resources Scorecard method which includes the financial, customer, internal business process, and learning and growth dimensions can be seen in Table 1..

Table 1. Results of SMEs Employee Performance Measurement

No	Indicator	Category
A	Financial	
1	Allocate costs for employee recruitment	Not good
2	Allocation of employee costs is adjusted to the ability of the company	Very good
3	Allocate budget for employee salaries	Very good
4	Allocate periodic training costs to increase relevant work skills	Good enough
5	Costs are used to increase expertise in the development of production and marketing technology	Very good
6	Employee cost financial statements are made transparently	Good enough
7	Financial reports on employee costs are made periodically	Good
8	Giving bonuses based on the excess number of products that can be made or exceeded the target	Very good
9	Supporting equipment and facilities in accordance with the needs of employees	Good enough
B	Customer	
10	Salary is received by employees on time every month on the same date	Good
11	Salaries are received in the same amount every month in accordance with the agreements and rules set	Good
12	Bonuses received according to work performance	Good
13	Various employee complaints were responded quickly and accurately	Good enough
14	Employee complaints are resolved through a win-win solution	Good
15	Efforts to increase employee commitment by deciding policies that do not harm employees	Good enough
16	Provide flexibility for employees to plan and regulate the circulation of their workplace	Good enough
17	Improve the work environment to increase the comfort of employee work to maintain the number of employees	Good
C	Internal Business Process	
18	Evaluate employee performance periodically	Good enough
19	Attempting to improve employee work performance continuously	Good
20	Maintain the actual performance of employees who are already good with bonuses	Good
21	Building good personal relationships between employers and employees	Good
22	The existence of two-way communication with employees in a non-formal and relaxed atmosphere	Very good
23	Invite employees to stay in touch in various activities	Good
24	Provide various equipment that supports occupational safety and health for employees	Very good
25	Availability of instructions and written warnings on prevention of workplace accidents	Good enough
26	Evaluate data on workplace accidents	Good enough
D	Learning and Growth	
27	Training is conducted to improve work skills according to company needs	Good enough
28	Training trainers are conducted by people who are competent and experts in their fields	Very good
29	The implementation of training uses practical materials that are appropriate to current and future skills needs	Good
30	Increased employee knowledge by involving employees in various workshop and seminar activities	Good enough
31	Encourage employees to be actively involved in seminars and general discussions about the development of SMEs	Good enough
32	Include employees in various exhibition activities both local and national scale	Good enough

The total score of employee performance on SMESs of bamboo woven crafts in Ciamis District in all dimensions is 10,255 with an average of 320.47. The measurement of the employee performance of SMEs woven bamboo crafts for each dimension is done by the following equation:

$$P = \frac{\text{Average total score}}{\text{Ideal score}} \times 100\% = \frac{320.47}{420} \times 100\% = 76.30\%$$

The percentage value of 76.30% is consulted to the standard object categories that have been determined, so that it can be seen the measurement of employee performance of SMEs of woven bamboo crafts in Ciamis District in all dimensions, namely the dimensions of financial, customer, internal business process, and learning and growth (Table 2).

Table 2. Summary of Results of SMEs Employee Performance Measurement

No	Dimensions of Performance Measurement	Score	Average	%	Category
1	Financial	2,904	322.67	76.82	Good
2	Customer	2,567	323.38	76.99	Good
3	Internal Business Process	2,877	319.67	76.11	Good
4	Learning and Growth	1,887	314.50	74.88	Good enough
Total		10,255	320.47	76.30	Good

The percentage value of 76.30 shows that the performance of employees in SMEs of woven bamboo crafts in Ciamis Regency is in good category.

5. Conclusion

The Human Resources Scorecard method is the right model to be applied in measuring the performance of SME employees. This model is quite simple so that it is easily applied by SMEs that manage their businesses traditionally and simply.

The measurement of the performance of the employees of SMEs in bamboo woven crafts in Ciamis Regency by using the Human Resources Scorecard model of the results of the research design which includes financial, customer, internal business process, and learning and growth dimensions generally shows good categories as indicated by the measurement results of 76.30%.

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